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ZNR UUUUU ZZH
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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4282
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6285
RUEHBJ/AMEMBASSY BEIJING 3957
RUEHKO/AMEMBASSY TOKYO 3816
RUEHIT/AMCONSUL ISTANBUL 4529
RUCNDT/USMISSION USUN NEW YORK 1498
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4426
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000237

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE/DSTARKS

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [ADB](#) [IN](#) [TX](#)

SUBJECT: TURKMENISTAN'S TEPID SUPPORT FOR TAPI

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¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: A number of international media outlets have reported that the Turkmen Government again expressed an interest in the Turkmenistan-Afghanistan-Pakistan [-India] (TAPI or TAP) pipeline project. The reports appeared following an intergovernmental meeting between Turkmen and Indian officials held on February 8. The Turkmen also discussed TAPI during a recent visit by Asian Development Bank President Haruhiko Kuroda. Despite the discussions, there are grounds to believe that the Turkmen Government is not considering the TAPI project seriously, mentioning it only during meetings with the project-related countries. END SUMMARY.

¶3. (SBU) The meeting between Turkmen and Indian officials was held under the framework of the Turkmen-Indian Intergovernmental Commission. Reportedly, the two sides discussed the whole spectrum of Turkmen-Indian cooperation, and TAPI was just one of many issues. According to a Turkmen Oil and Gas Ministry official, no significant decisions on TAPI were made during the meeting and the project is still firmly on hold in Turkmenistan.

¶4. (SBU) Turkmen media covered the Turkmen-Indian commission meeting without mentioning the TAPI project. The Turkmen media also did not mention the project in their reports about Berdimuhamedov's meeting with the Indian State Minister for External Affairs Preneet Kaur, who led the Indian delegation. The only recent mention of the TAPI project in local media reports occurred four days after the Turkmen-Indian commission meeting, as part of the coverage of a Cabinet of Ministers meeting. Turkmen media reported that, at the meeting, Berdimuhamedov confirmed Turkmenistan's interest in implementing the TAPI project.

¶5. (SBU) Asian Development Bank (ADB) President Haruhiko Kuroda confirmed to poloff that TAPI was discussed during his meeting with Berdimuhamedov on February 18. While Kuroda indicated that the Turkmen remain interested in the project, he noted that the security situation in Afghanistan and India's reluctance to commit to TAPI are the two most significant obstacles. He said India could decide to import gas from Burma as an alternative to TAPI, and that without the Indian market, TAPI would not be feasible.

¶6. (SBU) The TAPI (or TAP) gas pipeline project was first proposed in the mid-1990s after Turkmenistan and Pakistan signed a memorandum of understanding to that effect in 1995. The project would supply up to 33 bcm of gas from Turkmenistan to Pakistan and India annually. U.S. energy firm Unocal formed a consortium to implement the project in 1996. The project froze after Unocal withdrew from the consortium in ¶1998.

¶7. (SBU) The project saw another burst of activity in 2002-2003 when Turkmenistan, Afghanistan, and Pakistan decided to revive the project and signed a framework agreement to construct the pipeline. The ADB joined the project as a facilitator and provided a million dollar grant to conduct a feasibility study for the project. After Turkmenistan signed a 25-year gas purchase agreement with Gazprom in 2003, the Turkmen appeared to lose interest in TAPI, failing to provide the requisite audit of the Dowletabad gas field that would supply the pipeline. The Turkmen Government's failure to release results of the recent Gaffney-Cline audit has further curtailed Indian interest in the project; the Government of India is unlikely to commit to the project until the Turkmen confirm

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they have sufficient gas reserves. NOTE: The Dovletebad field, which would supply TAPI under the original plan, currently supplies both Russia and Iran and is in decline.

¶8. (SBU) COMMENT: Given security challenges and uncertainty about the Indian market, it does not seem likely that the Turkmen Government will pursue the TAPI project seriously any time soon. With the new pipeline to China, growing export obligations to Iran, and resumed supplies to Russia already on its hands, Turkmenistan will be stretched to supply gas through existing pipelines in the midterm. Still, the Turkmen are unlikely to rule out eventual participation in TAPI since the TAPI concept buttresses its policy of diversifying gas export routes. END COMMENT.

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